SCOTIABANK BRASIL S.A.
BANCO MÚLTIPLO

Financial statements

December 31, 2022 and 2021

(A free translation of the original report in Portuguese as published in Brazil containing financial information prepared in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil)

Contents

Management Report

Presentation

We present the financial statements of Scotiabank Brasil S.A. Banco Múltiplo for the years ended December 31, 2022 and 2021, together with the explanatory notes and the report of independent accountants, prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, issued by the Corporation Law.

Performance for the year

The Bank closed 2022 with a net income of R$ 396,059 (R$ 196,183 in 2021), representing an annualized return on shareholders' equity of 17.97% (16.23% in 2021). It presented a Conglomerate Basel Ratio of 25.46% (12.14% in 2021) and the minimum equity required for the amounts of risk-weighted assets (RWA) of R$ 904,500 (R$ 786,432 in 2021).

Since the beginning of the pandemic, the Bank has been in full operational capacity, and actions are based on the guidelines of the Ministry of Health. The financial statements were not impacted by the effects arising from COVID-19 and a series of measures were taken by Management to protect and support its employees. The Bank continues with its conservative policy regarding liquidity management and risk parameters adequate to the Bank's activities.

The Brokerage Firm is a wholly-owned subsidiary of Scotiabank Brasil S.A. Banco Múltiplo ("Bank"), which together form the Scotiabank Brasil Financial Conglomerate ("Scotiabank Brasil Group").

Other information

In accordance with the provision in article 8 of BACEN Circular Letter 3068/01, the Bank states that has the financial capacity and intention to hold securities classified as "Securities held to maturity" until maturity date.

In the year ended December 31, 2022, dividends were distributed in the amount of R$ 1,000 (R$ 1,500 in 2021), and interest on own capital in the amount of R$ 138,336 (R$ 46,656 in 2021), already deducted from applicable taxes. In the same period, there was a capital increase in the amount of R$ 138,336, paid in with credits from shareholders derived from the distribution of interest on own capital.

The Executive Board decided on the reverse stock split of all nominative common shares, with no par value, including the shares issued in the capital increase, with the reverse split being calculated based on the proportion of 100,000 per 1 share of the same type. Accordingly, the share capital previously divided into 9,560,846,423 is now represented by 95,608 nominative common shares, with no par value.

Acknowledgment

Scotiabank Brasil thanks all its clients for their trust and support, and its employees and collaborators for their dedication, ethics, professionalism and commitment.

Executive Board

Audit Committee's Report

It is incumbent upon the Committee to ensure the quality and completeness of the financial statements of the Bank, compliance with legal and regulatory requirements, the performance, independence and quality of the internal audit works performed by external audit company, and the quality and effectiveness of the internal control and risk management systems.

Committee's evaluations are based on information received from the Management, from internal audit, from external auditors, people responsible for managing risks and internal controls, and own analyses from direct note.

Internal control and risk management systems

The Audit Committee assessed, in meetings with the Risk & Compliance Board, aspects related to the management and control of credit, market, and liquidity risks.

Based on the results of the work of the Independent Audit and the Internal Audit, the Committee believes that the controls and procedures carried out by the Bank are appropriate and sufficient.

Compliance with legislation, regulations and internal standards

The Audit Committee considers that the duties and responsibilities, as well as the procedures related to the assessment and monitoring of legal risks, are defined and continue to be practiced in accordance with corporate guidelines.

The Committee, based on the information received from the responsible areas, on the work of the Internal Audit, and on the reports produced by the External Audit, concludes that there are no failures in compliance with legislation, regulations, and internal rules that could jeopardize the continuity of the Organization.

Internal audit

The Audit Committee monitored the audit process developed by the Internal Audit, by holding periodic meetings, approving its strategic and tactical plans, and monitoring their execution.

The Committee assesses the coverage and quality of the work carried out by the Internal Audit as appropriate. The results of this work, presented at the Committee's working sessions, did not bring to the Committee's attention the existence of residual risks that could affect the solidity and continuity of the Organization.

External audit

The Committee maintains with the external auditors a regular communication channel for a broad discussion of the results of their work and relevant accounting aspects, allowing its members to base their opinion on the integrity of the financial statements.

The Committee evaluates how fully satisfactory the volume and quality of information provided by KPMG are, which supports its opinion on financial statements' integrity. No situations were identified that could affect external auditors' objectivity and independence.

Financial statements

The Committee analyzed the financial statements together with the notes for 2022 and debated with KPMG and the Organization's executives before their publication. It was verified that they are in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Conclusion

The Audit Committee, duly considering its responsibilities and the natural limitations arising from the scope of its operations, certifies that the information contained in this report is true, meets the requirements defined in CMN Resolution 4910, and that the control system of Scotiabank Brasil S.A. is suited to the complexity and risks of its business.

São Paulo, March 1, 2023.

Audit Committee

KPMG Auditores Independentes Ltda.
Rua Arquiteto Olavo Redig de Campos, 105, 12º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Independent auditors' report on the financial statements

To the Shareholders and Administrators of

Scotiabank Brasil S.A. Banco Múltiplo

São Paulo – SP

Opinion

We have examined the financial statements of Scotiabank Brasil S.A. Banco Múltiplo ("Bank"), which comprise the balance sheet as of December 31, 2022 and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the semester and year then ended, as well as the corresponding explanatory notes, including the summary of the significant accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Scotiabank Brasil S.A. Banco Múltiplo as of December 31, 2022, the performance of its operations and its cash flows, for the semester and year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditors' responsibilities for the audit of the financial statements". We are independent in relation to the Bank, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those who, in our professional judgment, were the most significant in our audit of current semester and year. These matters were addressed in the context of our audit of financial statements as a whole and in expressing our opinion on these financial statements and, therefore, we do not express a separate opinion on these matters.

<table>
<tr><th colspan="2">Measurement evaluation of provisions for expected losses associated with credit risk</th></tr>
<tr><td colspan="2">See notes 3g, 9c and 9d to the financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed this matter</td></tr>
<tr><td>As shown in Notes 3g, 9c and 9d, the provision for expected losses associated with credit risk, at December 31, 2022, amounts to R$ 133,697 thousand.

To determine the provision for expected losses associated with credit risk, the Bank classifies loan operations into nine risk levels (rating), considering factors and assumptions of clients and operations, such as days of delay, the economic situation, the specific and global risks of the portfolio, as well as other factors and assumptions provided for in CMN Resolution 2682/99, which requires the periodic analysis of the portfolio, with “AA” being the minimum risk rating and “H” the maximum risk rating. Bank initially applies the loss percentages established in such Resolution on each risk level for purposes of calculating the allowance and complementing its estimates based on internal studies (supplementary provision). The classification of loan operations into risk levels, as well as loss percentages related to each risk level involves Bank’s assumptions and judgments, based on its internal methodologies for evaluating client risk ratings.

Due to the relevance of loan operations and the amount of provision for expected losses associated with credit risk and the fact that the calculation of said provision is based on assumptions and judgments made by Management, we consider that this matter is significant for our audit.</td><td>Our audit procedures have included, but are not limited to:

• We evaluate the design of key internal controls and effectiveness related to the processes of approval, record and update of credit operations as well as internal methodologies for evaluating client risk ratings that support the classification of transactions and the main assumptions used for calculation and the arithmetic accuracy of the provisions for expected losses associated with credit risk;

• We evaluate, on a sampling basis, the information that supports the definition and review of client ratings by the Bank, such as the credit application, financial and registration information, operational and/or financial restructuring, guarantees and court-ordered reorganization plan, including the internal methodologies and assumptions used for the measurement of provision for expected losses associated with credit risk, including the supplementary provision such as days past due, the economic situation, the global specific risks of the portfolio. This analysis was based on understanding the client’s processes and comparing market data with the credit analysis;

• We analyzed, to all clients of the portfolio, the arithmetic calculation of the provision for expected losses associated with credit risk, considering the evaluation the compliance with the requirements established by CMN Resolution 2682/99;

• We assess whether the disclosures in the financial statements are in accordance with applicable standards and consider material information.</td></tr>
</table>

Based on the evidence obtained through the procedures summarized above, we consider that assumptions used in the measurement of provisions for expected losses associated with credit risk, as well as the respective disclosures acceptable in the context of the financial statements taken as a whole for the semester and year ended December 31, 2022.

Measurement and evaluation of derivative financial instruments	
See Notes 3e and 7 to the financial statements.	
Key audit matter	**How our audit addressed this matter**
As disclosed in notes 3e and 7, derivative financial instruments totaled R$ 3,240,012 thousand (assets) and R$ 1,120,678 thousand (liabilities) as of December 31, 2022, and are recorded at market value. The market value calculation of the derivative financial instruments portfolio, such as swaps, terms, futures transactions, is based on prices, rates or information collected from independent sources, such as B3 S.A.- Brasil, Bolsa, Balcão, Brokerage Firms, BACEN, ANBIMA, among others. The market and credit risks associated with these goods, as well as the operating risks, are similar to those recognized to other types of financial instruments. Due to the relevance of derivative financial instrument operations and the fact that the calculation of market value is based on assumptions and judgments made by Management, we consider this matter material for our audit.	Our audit procedures have included, but are not limited to: • We evaluate the design of key internal controls implemented by the Bank related to the processes of approval, registration and updating of operations for measuring the market value of financial instruments; • We recalculate, based on a sampling of the portfolio of derivative financial instruments, with the technical support of our specialists in financial instruments, the market value of financial instruments based on observable information in the market, such as exchange rates, economic ratios and other rates disclosed by regulatory or market entities; and in certain cases the application of the Bank's internal policy; • We assess whether the disclosures in the financial statements are in accordance with applicable standards and consider material information.

Based on the evidence obtained through the procedures summarized above, we consider the measurement and assessment of derivative financial instruments, as well as the respective disclosures acceptable in the context of financial statements taken as a whole for the semester and year ended December 31, 2022.

Other information accompanying the financial statements and auditors' report

Bank's management is responsible for these other information that comprise the Management Report.

Our opinion on the financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the performed work, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

Management's responsibility and governance for the financial statements

The Management is responsible for the preparation and adequate presentation of financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In the preparation of financial statements, management is responsible for assessing the ability of the Bank to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Bank or cease its operations, or has no realistic alternative to avoid the closure of operations.

The ones responsible for the Bank's governance are those with responsibility for overseeing the process of preparation of financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit to design auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that there is material uncertainty, we will call attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the management, oversight and performance of audit of the group, and, consequently, the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit.

Out of matters that were communicated to people responsible for governance, we determined those that were considered as the most significant in the audit of financial statements for current period and that, accordingly, comprise the main audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 01, 2023.

KPMG Auditores Independentes Ltda.

CRC 2SP-027685/O-0 'F' SP

Original report in Portuguese signed by

Mark Suda Yamashita

Accountant CRC SP – 1SP271754/O-9

Scotiabank Brasil S.A. Banco Múltiplo
Balance Sheet as of
December 31, 2022 and 2021
(In thousands of reais)

Assets	Note	2022	2021
Cash and cash equivalents	4	13,129	11,818
Financial assets		16,680,654	14,058,748
Interbank funds applied	5	9,686,685	7,643,337
Securities	6	1,461,327	1,523,351
Derivative financial instruments	7b	3,240,012	531,347
Loan operations	9a	521,902	1,928,790
Foreign exchange operations	10	1,186,061	2,361,054
Other financial assets	11a	584,667	70,869
Provisions for expected losses associated with credit risk		(134,009)	(168,285)
Securities	6	(312)	(449)
Loan operations and other receivables from credit granting	9c/d	(133,697)	(167,836)
Other assets	11b	5,802	27,390
Tax credits	20b/c	279,810	116,217
Investments		64,610	60,232
Interest in subsidiaries	12	64,604	60,226
Other investments		6	6
Property, plant and equipment for use		11,279	11,463
Property for use		1,595	892
Other property for use		22,704	23,803
Accumulated depreciation		(13,020)	(13,232)
Intangible assets		3,546	2,853
Intangible assets		5,254	3,942
Accumulated amortizations		(1,708)	(1,089)
Total assets		16,924,821	14,120,436

See the accompanying notes to the financial statements.

(In thousands of reais)

Liabilities	Note	2022	2021
Financial liabilities		13,264,922	12,633,646
Deposits	13	4,055,059	1,155,567
Money market borrowings	14	887,315	799,333
Borrowings	15	6,234,306	3,977,177
Onlendings	16|25a	730,290	1,396,454
Derivative financial instruments	7b	1,120,678	2,828,429
Foreign exchange operations	10	188,857	1,771,039
Other financial liabilities	17a	48,417	705,647
Other liabilities	17b	55,315	120,135
Deferred tax liabilities	20b	431,961	69,396
Provisions for contingencies	18d	30,334	31,432
Shareholders' equity		3,142,289	1,265,827
Capital	19a	2,437,823	796,879
Profit reserves	19b	719,489	487,178
Other comprehensive income	3d	(15,023)	(18,230)
Total liabilities		16,924,821	14,120,436

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo
Statements of Income
Years ended December 31, 2022 and 2021 and
Semester ended December 31, 2022
(In thousands of reais)

	Note	2022		2021
		2nd semester	Year	Year
Financial intermediation revenues/(expenses)		508,563	649,636	448,625
Loan operations	9f	28,467	(66,808)	101,172
Securities		619,221	1,056,675	354,528
Income from derivative financial instruments	7e	387,373	174,975	353,193
Money market repurchase agreements		(284,019)	(512,792)	(82,847)
Loans and onlendings		(63,139)	79,820	(107,861)
Foreign exchange operations		(179,340)	(82,234)	(169,560)
Income from financial intermediation		508,563	649,636	448,625
Income/(loss) from provision for expected losses associated with credit risk		3,622	34,276	(11,305)
Securities		577	137	(5)
Loan operations and other receivables from credit granting	9d	3,045	34,139	(11,300)
Gross income/(loss) from financial intermediation		512,185	683,912	437,320
Other operating revenues/(expenses)		(44,805)	(94,359)	(113,947)
Revenues from rendering of services		8,012	21,004	21,015
Personnel expenses	25b	(40,760)	(88,399)	(86,148)
Other administrative expenses	25c	(20,162)	(37,771)	(30,575)
Tax expenses		(1,737)	(4,565)	(15,824)
Equity in the earnings of subsidiaries	12	2,454	4,578	230
Other operating revenues	25f	9,109	20,065	653
Other operating expenses	25g	(1,721)	(9,271)	(3,298)
Provisions for contingencies expenses		(970)	(1,886)	(766)
Labor		(59)	(112)	(91)
Tax		(911)	(1,774)	(675)
Operating income		466,410	587,667	322,607
Non-operating income		42	7,509	(8)
Income/(loss) before income tax and profit sharing		466,452	595,176	322,599
Income tax and social contribution	20a	(135,974)	(196,185)	(123,949)
Provision for income tax		(149,454)	(201,425)	(67,025)
Provision for social contribution		(119,563)	(161,140)	(56,155)
Deferred tax assets		133,043	166,380	(769)
Profit sharing		(2,913)	(2,932)	(2,467)
Net income for the semester/year		327,565	396,059	196,183
Net earnings per thousand shares – R$		41.98	50.76	46.66

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo
Statements of Comprehensive Income
Years ended December 31, 2022 and 2021 and
Semester ended December 31, 2022
(In thousands of reais)

	2022		2021
	2nd semester	Year	Year
Net income for the semester/year	327,565	396,059	196,183
Items that can be reclassified to income/(loss)			
Changes in the market value of financial assets available for sale	7,320	3,207	(25,884)
Securities	13,547	6,194	(47,055)
Tax impact	(6,096)	(2,787)	21,175
Equity valuation adjustment - Subsidiary	(131)	(200)	(4)
Comprehensive income for the semester/year	334,885	399,266	170,299

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo
Statements of Changes in Shareholders' Equity
Years ended December 31, 2022 and 2021 and
Semester ended December 31, 2022
(In thousands of reais)

	Capital	Capital increase	Profit reserves		Other comprehensive income	Retained earnings	Total
			Legal	Statutory			
Balances as of December 31, 2020	796,879	-	30,942	316,442	7,654	-	1,151,917
Equity valuation adjustments	-	-	-	-	(25,884)	-	(25,884)
Net income for the year	-	-	-	-	-	196,183	196,183
Formation of legal reserve	-	-	9,809	-	-	(9,809)	-
Formation of statutory reserves	-	-	-	131,485	-	(131,485)	-
Payment of interest on own capital	-	-	-	-	-	(54,889)	(54,889)
Payment of dividends	-	-	-	(1,500)	-	-	(1,500)
Balances as of December 31, 2021	796,879	-	40,751	446,427	(18,230)	-	1,265,827
Capital increase	1,502,608	138,336	-	-	-	-	1,640,944
Equity valuation adjustments	-	-	-	-	3,207	-	3,207
Net income for the year	-	-	-	-	-	396,059	396,059
Formation of legal reserve	-	-	19,803	-	-	(19,803)	-
Formation of statutory reserves	-	-	-	213,508	-	(213,508)	-
Payment of interest on own capital	-	-	-	-	-	(162,748)	(162,748)
Payment of dividends	-	-	-	(1,000)	-	-	(1,000)
Balances as of December 31, 2022	2,299,487	138,336	60,554	658,935	(15,023)	-	3,142,289
Balances as of June 30, 2022	2,299,487	-	44,176	446,427	(22,343)	65,069	2,832,816
Capital increase	-	138,336	-	-	-	-	138,336
Equity valuation adjustments	-	-	-	-	7,320	-	7,320
Net income for the semester	-	-	-	-	-	327,565	327,565
Formation of legal reserve	-	-	16,378	-	-	(16,378)	-
Formation of statutory reserve	-	-	-	213,508	-	(213,508)	-
Payment of interest on own capital	-	-	-	-	-	(162,748)	(162,748)
Payment of dividends	-	-	-	(1,000)	-	-	(1,000)
Balances at December 31, 2022	2,299,487	138,336	60,554	658,935	(15,023)	-	3,142,289

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo
Statements of Cash Flows
Years ended December 31, 2022 and 2021 and
Semester ended December 31, 2022
(In thousands of reais)

	2022		2021
	2nd semester	Year	Year
Operating activities			
Net income for the semester/year	327,565	396,059	196,183
Adjustments to net income	132,462	161,790	73,910
Expense/(reversal) of provision for expected losses associated with credit risk	(3,622)	(34,276)	11,305
Equity in income of subsidiaries and associated companies	(2,454)	(4,578)	(230)
Depreciation and amortization	1,543	2,478	1,261
Loss on write-off of fixed assets for use	50	95	8
Deferred taxes	135,974	196,185	60,788
Expense with provision for contingent liabilities and legal obligations	970	1,886	778
Changes in operating assets and liabilities	1,335,610	(1,110,214)	(12,154)
(Increase) in interbank funds applied	(832,393)	(1,122,911)	(756,735)
(Increase)/decrease in securities	1,355,372	68,218	(995,561)
(Increase) in derivative financial instruments	(522,079)	(4,416,416)	(1,227,747)
(Increase)/decrease in loan operations	953,206	1,406,888	(302,946)
(Increase) in foreign exchange operations	(241,742)	(407,189)	(43,559)
(Increase) in other financial assets	(277,346)	(513,798)	(29,564)
Increase in other assets	416	21,588	3,418
Increase in deposits	248,074	2,899,492	988,746
Increase/(decrease) in money market borrowings	(57,772)	87,982	(137,972)
Increase in borrowings and onlendings	703,399	1,590,965	1,928,236
Increase/(decrease) in other current liabilities	12,983	(657,230)	619,377
(Decrease) in other liabilities	(5,652)	(64,820)	(57,847)
(Decrease) in provision for contingencies	(856)	(2,983)	-
Net cash (invested in)/from operating activities	1,795,637	(552,365)	257,939
Investment activities			
Disposal of property, plant and equipment for use	-	-	232
Disposal of intangible assets	-	-	807
Acquisition of investments	-	-	(60,000)
Acquisition of fixed assets for use	(632)	(1,912)	(5,829)
Investments in intangible assets	(423)	(1,170)	(1,363)
Net cash (invested) in investment activities	(1,055)	(3,082)	(66,153)
Financing activities			
Capital increase	138,336	1,640,944	-
Payment of interest on own capital	(162,748)	(162,748)	(54,889)
Payment of dividends	(1,000)	(1,000)	(1,500)
Net cash (invested in) / from financing activities	(25,412)	1,477,196	(56,389)
Increase in cash and cash equivalents	1,769,170	921,749	135,397
Statement of changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the semester/year	1,882,114	2,729,535	2,594,138
Cash and cash equivalents at the end of the semester/year	3,651,284	3,651,284	2,729,535
Increase in cash and cash equivalents	1,769,170	921,749	135,397

See the accompanying notes to the financial statements.

1. Operations

Scotiabank Brasil S.A. Banco Múltiplo (the "Bank"), located at Av. Brigadeiro Faria Lima, 2.277 – 7º andar, São Paulo - Brazil, is organized and authorized to exercise its activities as a Multiple Bank and to operate through investment and commercial portfolios, including foreign exchange.

The Bank's shareholders are The Bank of Nova Scotia ("BNS") and BNS Investments Inc., (BNS's wholly-owned investee) both with head office in Canada.

2. Preparation and presentation of financial statements

The financial statements have been prepared and are presented in accordance with the provisions of the Brazilian Corporate Law and the standards and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN) in the Standard Chart of Accounts for Financial Institutions (COSIF), and of the Accounting Pronouncements Committee (CPC), when applicable.

The authorization for issuance of these financial statements was given by the Executive Board as of March 1, 2023.

The financial statements include estimates and assumptions, such as the measurement of provisions for losses associated with credit risk, estimates of market value of certain financial instruments, provisions for contingencies, other provisions and the determination of the useful life of certain assets. The effective results might be different from those estimates and assumptions.

Statements of cash flow have been prepared at the indirect method.

BCB Resolution 2 became effective as of January 1, 2021, and applies to the preparation, disclosure, and submission of financial statements.

3. Description of significant accounting policies

a) Statement of Income

Income and expenses are recognized on the accrual basis.

For purposes of better presentation, the Bank reclassifies the foreign exchange loss from "Other operating revenues/expenses" directly to "Revenues/expenses from financial intermediation" in the statement of income.

b) Other assets

These are stated at realizable value, net of the related unappropriated revenue, including, when applicable, income and inflation adjustments earned and adjusted by a provision through the balance sheet date, when applicable.

c) Cash and cash equivalents

They are represented by cash and cash equivalents in domestic currency, foreign currency and repurchase and resale agreements - long position and interbank deposits, whose maturity of the operations on the date of the effective investment is equal to or shorter than 90 days and present insignificant risk of market value change.

d) Securities

They are recorded at acquisition cost and presented in the balance sheet according to BACEN Circular No 3068, and are classified according to Management's intention in the following categories: "Trading securities" refers to securities acquired for the purpose of being actively and frequently traded, classified in current assets and marked-to-market as a contra-entry to the income (loss) for the period, "Securities available for sale", that are not qualified as trading or held to maturity securities, and are adjusted to market value as a contra-entry to a separate shareholders' equity account, net of tax effects, and "Securities held to maturity" which have the financial capacity to be held until maturity. Recorded at cost of acquisition, plus income accrued in contra account to income for the period.

To calculate the market value of the securities portfolio, federal government bonds are adjusted to reflect the observable market price, as published by ANBIMA. For private securities, such as debentures, it is based on an independent model pricing, which consists of calculating the future value of cash flows plus inflation adjustment, discounted to their present value at the fixed interest rate plus the credit spread. The Bank records the estimated provision for expected losses associated with the credit risk of the debentures, using the criteria defined in Note 3g. In case of investment in an investment fund, the restated cost reflects the market value of the respective quotas.

e) Derivative financial instruments

In compliance with BACEN Circular Letter 3082, derivative financial instruments are classified on the date of their acquisition according to Management's intention of using them for hedge purposes or not.

Operations that utilize derivative financial instruments carried out upon a request from clients, on the bank's own initiative, or that do not fulfill the protection criteria (especially derivatives utilized to manage global risk exposure), are recorded at market value, with realized and unrealized gains and losses, recorded directly in the statement of income.

An area independent from the operations and business areas is responsible for the evaluation and measurement of assets and liabilities existing in the Bank. The market value calculation of the portfolio of derivative financial instruments, such as swaps, terms, futures transactions, is based on prices, rates or information collected from independent sources, such as B3 S.A.- Brasil, Bolsa, Balcão, brokerage firms, BACEN, ANBIMA, among others. The market and credit risks associated with these goods, as well as the operating risks, are similar to those related to other types of financial instruments. For derivative financial instruments, procedures are established and maintained to assess the need for prudential adjustments to their values, as provided for by CMN Resolution 4277, regardless of the pricing methodology adopted and in compliance with prudence, relevance and reliability criteria. For over-the-counter derivative financial instruments, the adjustments reflect the risk attributable to the creditworthiness of the issuer or counterparty, measured using an internally approved methodology.

f) Loan operations

Recorded considering income earned recognized on a daily pro rata basis for the index change and the agreed-upon interest rate.

Revenues and charges of any nature relating to lending operations with delay equal to or higher than 60 days are recorded under unappropriated income and recognized in P&L at the time of their actual receipt.

g) Provisions for expected losses associated with credit risk

Based on the analysis of outstanding operations conducted by management to define the proper value to absorb probable losses on their realization, considering the economic scenario and specific and global risks of the portfolio, as well as the provisions of CMN Resolution 2682, which requires the regular analysis of the portfolio and its classification in nine levels, where AA corresponds to minimum risk and H to loss. Late operations classified as level "H" remain in this classification for six months, when they are written off against the existing provision and begin to be controlled in memorandum accounts.

h) Foreign exchange transactions

The rate used for converting financial assets and liabilities into foreign currency is that of the closing date. The effects of exchange-rate change on foreign currency transactions are distributed in the statement of income accounts according to the nature of the respective balance sheet accounts.

i) Permanent

- **Property, plant and equipment for use:** corresponds to the assets and rights that refer to corporeal personal property intended for the maintenance of the Bank's activities with this purpose. In compliance with CMN Resolution 4535, new property, plant, and equipment items are recognized at cost. Depreciation of property, plant and equipment is recorded based on straight-line method, considering the rates comprising the useful and economic life of assets.

- **Intangible assets:** corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Bank's activities or exercised with this purpose. In compliance with CMN Resolution 4534, new intangible assets are recognized at cost. Intangible assets with defined useful life are amortized using the straight-line method over an estimated period of economic benefit.

- **Investments:** stated at acquisition cost, less provision for losses, when applicable. Investments in subsidiaries are valued by the equity method of accounting.

j) Asset impairment

Pursuant to CMN Resolution 4924 which approved the adoption of Technical Pronouncement CPC 01 – Asset impairment (impairment), the recoverable value of assets is tested, at least once a year, if there are indicators of loss. When the book value of the asset exceeds its recoverable value, the loss will be recognized directly in the result.

Impairment losses were not identified as of December 31, 2022 and 2021.

k) Deposits, money market funding, borrowings and onlendings

Deposits and money market funding are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the balance sheet date, recognized on a "pro rata" daily basis.

Costs incurred in the form of funding, which qualify as transaction costs are recognized in P&L based on the accrual basis for the term of the originating operations.

l) Other liabilities

Stated at known amounts or estimated, including, the charges calculated on a “pro rata” daily basis and the inflation adjustment and exchange-rate change incurred.

m) Income tax and social contribution

Provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10%, as set forth by the Law 9430. Social contribution tax is calculated at the rate of 20% of taxable result as set forth by the Law 7689.

As of December 31, 2022, the Bank has deferred tax credit assets from income tax and social contribution calculated, from temporary differences, income tax losses, and negative basis of Social Contribution on Net Income (CSLL).

Tax credits whose realization is expected to occur in future periods were recorded at the rate of 25% for Income Tax and 20% for Social Contribution.

The CSLL rate for banks of any kind and legal entities in the financial sector was increased by 1% for the base period between August 1, 2022 and December 31, 2022, pursuant to PM [Provisional Measure] 1115.

Based on CMN Resolution 4842, the historical taxable results and short and medium projections prepared by the Bank enable a reasonable estimate of term of realization of these assets (Note 20c).

n) PIS and COFINS

PIS contributions are calculated at the same rate of 0.65% and for COFINS at the rate of 4%, pursuant to the current legislation.

o) Contingent assets and liabilities and legal obligations – tax and social security

The Bank follows the guidelines of CMN Resolution 3823, which approved the adoption of Technical Pronouncement CPC 25 – Procedures applicable in the recognition, measurement and disclosure of provisions, contingent liabilities and contingent assets.

Contingent assets are not recognized in the financial statements, except when there is evidence providing guarantee of their realization, for which appeals do no longer apply.

The lawsuits are classified as probable, possible or remote loss, and a provision is recognized for those of probable loss, according to the estimate of the value of loss, based on the opinion of our legal counsel, the nature of the lawsuits and the positioning of the courts for causes of similar nature. The lawsuits classified as possible loss are only disclosed and those classified as remote loss do not require provision or disclosure.

Legal obligations are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the financial statements.

p) Share-based payments

Qualified employees of the Bank participate in stock-based compensation plans, which are evaluated based on the price of the common share of BNS. The Bank records its expense in the income (loss) for the period against a provision in liabilities, as established by CMN Resolution 3989 which approved the adoption of Technical Pronouncement CPC 10 – Share-Based Payment (Note 22).

(In thousands of reais)

q) Post-employment employee benefits

Post-employment or long-term benefit plans are formal or informal arrangements under which the Bank undertakes to provide post-employment benefits to one or more employees, pursuant to CMN Resolution 4877, which approved the CPC 33 (R1) Technical Pronouncement – Employee Benefits.

Defined contribution plans are post-employment benefit plans according to which the sponsoring entity pays fixed contributions to a separate entity (fund), without legal or constructive obligation of paying additional contributions if the fund does not have sufficient assets to pay all benefits related to services in the current and prior periods. These contributions are recognized as "Personnel Expenses" in the statement of income.

r) Non-recurring income (loss)

BCB Resolution 2, in its art. 34, establishes that financial institutions must disclose recurring and non-recurring income/losses in a segregated manner. The non-recurring income/loss:

i. Is not related or incidentally related to the typical activities of the institution; and
ii. Is not expected to occur frequently in future years.

The nature and financial effect of events considered non-recurring are evidenced in Note 25e.

s) Functional and presentation currency

The financial statements are being presented in reais (R$), functional currency of the Bank.

4. Cash and cash equivalents

	2022	2021
Cash and cash equivalents	13,129	11,818
Local currency	2,603	1,317
Foreign currency	10,526	10,501
Interbank funds applied	3,638,155	2,717,717
Money market repurchase commitments - resales to be settled - own portfolio	3,387,494	2,612,994
Interbank deposit investments	250,661	104,723
Total	3,651,284	2,729,535

(In thousands of reais)

5. Interbank funds applied

	2022		2021
	Up to 3 months	Total	Total
Money market repurchase commitments	9,436,024	9,436,024	7,538,614
Own portfolio			
LTN	7,548,371	7,548,371	4,126,041
NTN	-	-	2,612,994
LFT	1,000,501	1,000,501	-
Financed Operations			
LTN	-	-	4,726
Short position			
LTN	887,152	887,152	794,853
Interbank deposit investments	250,661	250,661	104,723
Total	9,686,685	9,686,685	7,643,337

6. Securities

The restated cost (including income earned) and the market value of securities were as follows:

Breakdown by type and maturity

	2022						2021	
	Without maturity	up to 3 months	6–12 months	>12 months	Market / book value	Restated cost	Market / book value	Restated cost
Trading securities								
Own portfolio								
LTN	-	-	-	-	-	-	11,710	11,714
NTN	-	6,344	-	12,373	18,717	19,126	8,934	9,414
Shares of privately-held companies [iii]	7,568	-	-	-	7,568	7,568	-	-
Total	7,568	6,344	-	12,373	26,285	26,694	20,644	21,128
Securities available for sale								
Own portfolio								
LTN	-	199,895	-	-	199,895	199,931	2,586	2,594
Subtotal	-	199,895	-	-	199,895	199,931	2,586	2,594
Subject to guarantees provided[i]								
LTN	-	-	609,879	515,051	1,124,930	1,151,839	1,324,354	1,357,484
Quotas of investment funds	35,837	-	-	-	35,837	35,837	35,368	35,368
Subtotal	35,837	-	609,879	515,051	1,160,767	1,187,676	1,359,722	1,392,852
Total	35,837	199,895	609,879	515,051	1,360,662	1,387,607	1,362,308	1,395,446

Securities held to maturity

	2022						2021	
Own portfolio	Without maturity	up to 3 months	6–12 months	>12 months	Restated/Accounting Cost	Market value	Restated/Accounting Cost	Market value
Debentures[ii]	-	1,210	1,150	72,020	74,380	81,333	140,399	149,310
Total	-	1,210	1,150	72,020	74,380	81,333	140,399	149,310
Grand total	43,405	207,449	611,029	599,444	1,461,327	1,495,634	1,523,351	1,565,884

(i) Securities given as guarantee margin for carrying out operations with derivative and foreign exchange financial instruments.

(In thousands of reais)

(ii) In 2022, there is a provision for losses associated with credit risk in the amount of R$ 312 (R$ 449 in 2021).

(iii) Corporate reorganization of Interbank Payments Chamber (CIP).

Federal government bonds are held in custody by SELIC, the debentures are in another financial institution and investment fund quotas are held in custody by B3 S.A. – Brasil, Bolsa, Balcão.

7. Derivative financial instruments

The Bank participates in operations involving derivative financial instruments, in order to meet its own needs as well as its client's needs. The purpose of these operations is to manage exposures to market risks, which are associated to potential losses resulting from changes in prices of financial assets, interest rates, currencies and indexes. The policy of operation, control, establishment of strategies of operations, as well as the limit of these positions, follow the Bank's management guidelines.

The tables below show the reference values restated to the market price, the respective adjustments receivable and payable and net exposures in the balance sheets for derivative financial instruments:

a) Futures contracts

	2022		2021	
	Market value		Market value	
	Reference value	Adjustment receivable (payable)	Reference value	Adjustment receivable (payable)
Long position	44,226,281	287,333	34,852,960	(704,661)
DI	1,434,139	303	1,069,453	289
DDI	38,987,937	309,050	32,245,442	(673,672)
Dollar	3,804,205	(22,020)	1,538,065	(31,278)
Short position	4,147,472	22,750	3,468,715	29,863
DI	443,700	(188)	1,963,097	(614)
DDI	3,703,772	22,938	1,505,618	30,477

As of December 31, 2022, besides the daily adjustments of futures contracts, the amount of R$ 39 (R$ 23 in 2021) is also recorded under the caption "Other financial liabilities" in current liabilities, in respect to commissions and brokerage fees to be settled with B3 S.A. – Brasil, Bolsa, Balcão.

(In thousands of reais)

b) Swap operations and forward operations

	2022			2021		
By index	Reference value	Cost value	Market value	Reference value	Cost value	Market value
Swap						
Amounts receivable	28,505,265	1,669,860	3,235,104	15,001,746	226,282	489,000
CDI X Dollar	28,505,265	1,669,860	3,235,104	14,769,746	220,884	483,093
CDI x Euro	-	-	-	232,000	5,398	5,907
Amounts payable	7,417,982	(1,494,190)	(1,098,030)	12,239,541	(2,835,882)	(2,817,062)
CDI X Dollar	7,417,982	(1,494,190)	(1,098,030)	12,239,541	(2,835,882)	(2,817,062)
Forward currency – NDF						
Amounts receivable	297,064	5,530	4,908	2,276,587	44,308	42,347
Long position – Dollar	297,064	5,530	4,908	1,996,020	29,875	26,075
Short position – Dollar	-	-	-	280,567	14,433	16,272
Amounts payable	435,993	(25,098)	(22,648)	203,539	(12,068)	(11,367)
Long position – Dollar	435,993	(25,098)	(22,648)	112,356	(8,438)	(9,461)
Short position – Dollar	-	-	-	91,183	(3,630)	(1,906)
Total	36,656,304	156,102	2,119,334	29,721,413	(2,577,360)	(2,297,082)

c) Breakdown by maturity

The table below shows the reference values recorded in memorandum accounts and the respective maturities:

	2022					2021
	Up to 3 months	3–6 months	6–12 months	>12 months	Total	Total
Futures [i]	12,733,471	2,428,817	5,641,412	27,570,053	48,373,753	38,321,675
Swap[ii]	1,026,269	2,320,535	4,913,338	27,663,105	35,923,247	27,241,287
Forward currency – NDF [ii]	160,343	142,665	300,628	129,421	733,057	2,480,126
Total	13,920,083	4,892,017	10,855,378	55,362,579	85,030,057	68,043,088

(i) Counterparty: B3 S.A. – Brasil, Bolsa, Balcão.

(ii) Counterparty: legal entity.

(In thousands of reais)

d) Segregation between current and non-current

Market value of financial instruments was broken down as follows:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Swap	329,476	2,905,628	3,235,104	61,950	427,050	489,000
Forward currency – NDF	4,899	9	4,908	23,397	18,950	42,347
Total	334,375	2,905,637	3,240,012	85,347	446,000	531,347
Liabilities						
Swap	(591,332)	(506,698)	(1,098,030)	(326,256)	(2,490,806)	(2,817,062)
Forward currency – NDF	(21,020)	(1,628)	(22,648)	(9,393)	(1,974)	(11,367)
Total	(612,352)	(508,326)	(1,120,678)	(335,649)	(2,492,780)	(2,828,429)

e) Results

The results involving derivative financial instruments for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021
	2nd semester	Year	Year
Futures	(1,708,240)	(6,841,593)	771,623
Swap	2,064,585	6,782,009	(394,077)
Forward currency – NDF	31,028	234,559	(24,353)
Total	387,373	174,975	353,193

The derivative financial instruments are recorded at B3 S.A. - Brasil, Bolsa, Balcão.

8. Risk management

Operating risk management

The Bank has a structure of operating risk management responsible for identifying, evaluating, monitoring, controlling, reducing and reporting its risks, which is widely spread within the Bank. In this context, all employees have direct access to tools, methodologies and reports produced by the Risk Management department, facilitating the dissemination of the risk-control culture inside the Bank.

The Bank's operating risk structure also includes the participation of the Executive Board, which is immediately involved in every significant event and actively participates in the monitoring of actions for reduction and resolution of these events. In addition to the daily monitoring, the Risk Management department also reports the major events of operating risk occurred during the month in a report sent to the department heads and to the Executive Boards of the Bank and of The Bank of Nova Scotia (BNS).

Management of market and liquidity risks

As determined by the head office and following the best practices of risk management adopted worldwide, the Bank has a structure of management and control of risks that is comprehensive, integrated and independent from the business areas and which seeks the optimization of the risk/return relation, focusing on efficient monitoring and strict control of the risk exposure factors. An integrated set of processes using platforms of local and global systems is responsible for the determination, analysis and report of market and liquidity risks. The risk limits are determined and approved by the local Executive Board and head office and monitored on a preventive basis.

In this context, the market and liquidity risk management is performed on a daily basis using own models and instruments such as VaR - Value-at-Risk, liquidity short-term measures, projections of cash flow, stress test, back testing, analysis of sensitivity of interest, exchange and volatility.

By observing BNS's requirements, the Bank was able to meet Central Bank requirements regarding implementation of the continued and integrated risk management structure (CMN Resolution 4557), more specifically regarding market and liquidity risks. In addition, the Bank now is reviewing the capital requirements due to market risk exposure under criteria established in CMN Resolution 4958.

Credit risk management

In line with the BACEN regulations and the organization's risk management philosophy, the Bank has a credit risk management framework which includes individual credit limit analysis and establishment for the entire range of loan takers, as well as analysis and monitoring of the Bank's aggregate credit risk, which takes into account all product lines offered by the Bank and all economic segments where loan takers operate.

The Bank's risk culture is emphasized to all its areas and the description of the products offered to loan takers includes identification of credit, market and operating risks, as well the information systems that control them. Individual credit limits for borrowers are approved by using the Bank's own techniques and methodologies, and are reviewed at least once a year together with their ratings, which are reviewed every six months for the operations of the same client or economic group whose amount exceeds 5% of Bank's adjusted shareholders' equity.

The Executive Board and the risk control areas actively operate in credit risk management, which includes the approval of individual credit limits and institutional policies. Additionally, they monitor the aggregate loan portfolio and evaluate the results of stress tests, which are exercises used to assess the potential impacts of adverse events on the Bank's loan portfolio.

Capital management

The Bank is dedicated to maintaining a robust capital basis to support risks associated to its businesses. The Bank's Continued Capital Management structure, which encompasses internal policies, actions and procedures that refer to Capital Management is in line with BNS's global policy, and complies with Brazilian Central Bank's (BACEN) requirements provided for in CMN Resolution 4557.

The principles governing the Bank's capital management structure intend to meet the requirements in connection with: regulatory rules; existence of appropriate governance and supervision; capital management policies, strategies and measures focusing on relationships between risk propensity, risk profile and capital capacity; a solid risk management process; a capital adjustment evaluation process that is in accordance with governance and capital policies and; existence of adequate systems, processes and controls to assist in capital planning, forecast, measurement, monitoring and control of authorized limits, in addition to the preparation of reports on capital.

The Executive Board is directly involved in the continued capital management and is also responsible for the annual review and approval of Bank's internal policies. In addition, the Executive Board operates on monitoring level and adequacy of the Bank's capital through periodic reports produced and sent by the areas that are directly involved in the capital management process.

The description of the risk management framework and capital management framework is evidenced in a public report available at: http://www.br.scotiabank.com (unaudited).

Fair value hierarchy

To increase the consistency and comparability of fair value measurements and corresponding disclosures, a fair value hierarchy was established. It classifies the inputs applied into three levels in valuation techniques used for fair value measurement. The fair value hierarchy provides the highest priority to quoted prices (not adjusted) in active markets for identical assets or liabilities and the lowest priority to non-observable data as set forth in CMN Resolution 4924.

Fair value is determined according to the following hierarchy:

Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities to which the entity may have access on the measurement date.

Level 2 – Inputs that are observable for assets or liabilities, whether directly or indirectly, except for quoted prices, included in Level 1.

Level 3 - Non-observable data for the asset or liability.

Market risk

Market risk is defined as the possibility of incurring losses resulting from fluctuations in the market value of instruments held by the Bank, including the risk of changes in interest rates and share prices, for instruments classified in the trading portfolio and the risk of exchange-rate change and commodity prices, for instruments classified in the trading or banking portfolio.

According to the guidelines of the Central Bank of Brazil, through Resolution 4557 and Resolution 111, operations are divided between the trading and banking portfolios.

The trading portfolios are made up of instruments, including derivatives, held for trading purposes, which meet the following conditions: are free from any legal impediment to the sale thereof; and are daily valued at market value, according to criteria defined by the regulations in force. Mark-to-market of instruments should be recognized as a contra-entry to appropriate revenue or expense account in Institutions' income (loss) for the period.

All operations not classified under the trading portfolio are in the banking book. This portfolio includes the Bank's business portfolio operations, such as loan operations, onlendings and their financing lines, as well as securities positions that are accounted for as held to maturity and the instruments in the treasury portfolio.

(In thousands of reais)

To assess the effects on the Conglomerate's income (loss) in face of possible scenarios, the Bank performs sensitivity analysis for each market risk factor considered relevant by Management.

Sensitivity analysis 1

Contemplates parallel shocks on most relevant risk factor curves. Two scenarios are considered for this simulation, in which each risk factor analyzed undergoes an increase or a reduction of 100 basis points. This analysis examines the effects on the organization's results of possible fluctuations in interest rates practiced by the market.

Trading portfolio

	Scenarios	
	+100 bps	-100 bps
Interest rate		
Exposure of fixed-rate interest	(882)	882
Foreign exchange coupon exposure	1,704	(1,704)
Total	822	(822)

Trading portfolio + banking book

	Scenarios	
	+100 bps	-100 bps
Interest rate		
Exposure of fixed-rate interest	(10,027)	10,027
Foreign exchange coupon exposure	(2,990)	2,990
Total	(13,017)	13,017

Sensitivity analysis 2

Three scenarios are considered, reflecting the changes in market interest curves and foreign currency exchange rates on the exposures contained in the Bank's portfolios. For each scenario, the negative impacts on each risk factor are always considered, and the effects of correlation between these factors and the tax impacts are disregarded.

Scenario (I): Parallel shock of 10 basis points (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 10% shock (increase or decrease) on current exchange rates.

Scenario (II): 20% parallel shock (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 20% shock (increase or decrease) on current exchange rates.

Scenario (III): 30% parallel shock (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 30% shock (increase or decrease) on current exchange rates.

Scenarios (II) and (III) involve events related to strong stress situations.

Trading portfolio

(In thousands of reais)

	Scenarios		
Interest rate	(I)	(II)	(III)
Exposure of fixed-rate interest	(88)	(2,435)	(3,653)
Foreign exchange coupon exposure	(170)	(2,002)	(3,002)
Total	(258)	(4,437)	(6,655)
Foreign exchange rates			
Total exposure to exchange rates	(355)	(710)	(1,065)

Trading portfolio + banking book

	Scenarios		
Interest rate	(I)	(II)	(III)
Exposure of fixed-rate interest	(1,003)	(26,904)	(40,356)
Foreign exchange coupon exposure	(299)	(3,715)	(5,572)
Total	(1,302)	(30,619)	(45,928)
Foreign exchange rates			
Total exposure to exchange rates	(355)	(710)	(1,065)

In the analysis carried out, the operations of the banking portfolio underwent appreciation or devaluation because of changes in the forward interest rates practiced in the market. These fluctuations do not represent a financial impact on the Bank's results, as the financial assets contained in this portfolio are not measured at market value and, consequently, the impact of these fluctuations are considered only in the Bank's shareholders' equity.

In the case of the trading portfolio, exposures represent impacts on the Bank's results due to the marking to market of assets or due to their realization or settlement.

(In thousands of reais)

9. Loan operations

a) Credit portfolio composition by type of operation, activity and term

	2022			2021
	Falling due			
Private sector	up to 3 months	3–6 months	Total	Total
Bank Credit Bill (CCB)	-	-	-	366,341
Industry	-	-	-	101,734
Other services - Legal entities	-	-	-	264,607
Export Credit Note (NCE) (Note 25a)	261,000	260,902	521,902	1,396,454
Industry	261,000	260,902	521,902	1,396,454
Other receivables – industry[(ii)]	-	-	-	165,995
Total CCB, NCE and other receivables	261,000	260,902	521,902	1,928,790
CCL [Exchange Purchases Pending Settlement] export with ACC [Advance on Foreign Exchange Contracts] / ACE [Advance on Exchange Agreements] – (Note 10)	609,515	350,051	959,566	610,171
Industry	549,316	256,551	805,867	207,654
Other services – Legal entities	60,199	93,500	153,699	402,517
Income receivable from ACC [Advances on Foreign Exchange Contracts] / ACE [Advance on Exchange Agreements] – (Note 10)	9,512	2,302	11,814	1,958
Industry	8,411	2,136	10,547	556
Other services - Legal entities	1,101	166	1,267	1,402
Exchange-rate change - CCL export with ACC/ACE [(i)]	26,023	(1,914)	24,109	24,268
Industry	22,052	(756)	21,296	2,232
Other services – Legal entities	3,971	(1,158)	2,813	22,036
Total ACC and ACE	645,050	350,439	995,489	636,397
Total	906,050	611,341	1,517,391	2,565,187

(i) Pursuant to BACEN instructions, the Bank calculates the provision for losses associated with the credit risk of the operations, based on the balance of exchange purchases pending settlement (CCL) of operations with advances on exchange contracts (ACC/ACE) added to the respective earnings, translated into reais monthly at the exchange rate (PTAX) provided by BACEN for balance sheet purposes.

(ii) Refers to ACE operations that had their foreign exchange contracts settled at the Central Bank of Brazil, but due to the renegotiation of the operation, they were reclassified to “Other credits” (COSIF).

As of December 31, 2022 and 2021, the Bank had no credit assignment operations with material transfer or retention of risks and rewards, pursuant to CMN Resolution 3533.

b) Concentration of loan operations

	2022	2021
Main debtor - (Note 25a)	521,902	1,396,454
Percentage of entire credit portfolio	34.4%	54.4%
Top 20 debtors	1,517,391	2,565,187
Percentage of entire credit portfolio	100.0%	100.0%

c) Provisions for expected losses associated with credit risk

	2022					2021	
Risk level	Minimum % of provisioning required	Total portfolio	Minimum provision	Additional provision[(i)]	Total provision	Total portfolio	Total provision
AA	0%	1,385,998	-	(2,304)	(2,304)	2,399,192	(1,841)
H	100%	131,393	(131,393)	-	(131,393)	165,995	(165,995)

(In thousands of reais)

Total	1,517,391	(131,393)	(2,304)	(133,697)	2,565,187	(167,836)

(i) Provision additional to the percentages established by CMN Resolution 2682.

d) Changes in provision for expected losses associated with credit risk

	2022	2021
Balances at the beginning of the year	(167,836)	(156,536)
Formation of provision	(5,050)	(16,607)
Reversal of provision	39,189	5,307
Balances at the end of the year	(133,697)	(167,836)

e) Renegotiated, recovered and written-off loans

As of December 31, 2022, the amount of renegotiated loans totals R$ 276,035 (R$ 849,395 in 2021).

The Bank has financial guarantees provided in the amount of R$ 2,469 (R$ 2,469 in 2021).

In the years ended December 31, 2022 and 2021, there were no recoveries and credits written off to loss.

f) Income from credit operations

	2022		2021
	2nd semester	Year	Year
Income from export financing	14,610	21,224	133,699
Income from loans	5,731	24,977	21,698
Income from interbank onlendings	8,126	8,126	-
Negative foreign exchange rate change	-	(121,135)	(54,225)
Total	28,467	(66,808)	101,172

10. Foreign exchange transactions

	2022	2021
Current assets		
Purchased foreign exchange to be settled	1,173,135	2,122,847
Receivables from foreign exchange sales	1,112	236,249
Income receivable from granted advances (Note 9a)	11,814	1,958
Total	1,186,061	2,361,054
Current liabilities		
Rights on foreign exchange sales	1,147,316	2,125,878
Sold foreign exchange to be settled	1,107	255,332
Advances on foreign exchange contracts – (Note 9a)	(959,566)	(610,171)
Total	188,857	1,771,039

(In thousands of reais)

11. Other Assets

a) Breakdown of other financial assets

	2022	2021
Current assets		
Securities clearing accounts	333,673	30,826
Interbank onlending - (Note 25a)	208,388	-
Other	4	3
Subtotal	542,065	30,829
Non-current assets		
Debtors of guarantee deposits – (Note 18d)	42,602	40,040
Subtotal	42,602	40,040
Total	584,667	70,869

b) Breakdown of other assets

	2022	2021
Current assets		
Taxes and contributions recoverable	120	21,333
Receivables from associated companies	737	1,112
Other assets	1,474	1,044
Salary advances	1,222	898
Payments to be refunded	2,112	2,127
Other	-	497
Subtotal	5,665	27,011
Non-current assets		
Other assets	33	278
Taxes and contributions recoverable	104	98
Payments to be refunded	-	3
Subtotal	137	379
Total	5,802	27,390

12. Investments in subsidiaries

The Bank has a 100% interest in Scotiabank Brasil S.A. Corretora de Títulos de Valores Mobiliários, as follows:

	2022	2021
Ownership interest percentage	100%	100%
Number of quotas held	60,000,000	60,000,000
Subsidiary’s capital	60,000	60,000
Shareholders' equity of the subsidiary	64,604	60,226
Subsidiary’s income (loss) for the period[i]	4,578	230
Book balance of the investment	64,604	60,226
Equity in net income of subsidiaries	4,578	230

(i) The operation license of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários was published on February 11, 2021; therefore, the result presented in 2021 corresponds to the period from February 11, 2021, to December 31, 2021.

(In thousands of reais)

13. Deposits

	2022					2021
	Without maturity	up to 3 months	3–6 months	6–12 months	Total	Total
Demand deposits	326	-	-	-	326	202
Interbank deposits	-	420,641	-	-	420,641	45,450
Time Deposits	-	855,041	1,851,273	927,778	3,634,092	1,109,915
Total	326	1,275,682	1,851,273	927,778	4,055,059	1,155,567

As of December 31, 2022, the average time deposit funding percentage is 102% of the Interbank Deposit – DI (100% of DI in 2021).

14. Money market funding

As of December 31, 2022, they are represented by obligations in repurchase and resale agreements in the amount of R$ 887,315 (R$ 799,333 in 2021), maturing up to March 2023 and an average rate of 13.81% per annum, corresponding to obligations related to the commitment to return the securities received as collateral in repurchase and resale agreements with free trading agreements.

15. Borrowings

Obligations for foreign loans in the amount of R$ 6,234,306 (R$ 3,977,177 in 2021) are basically represented by export financing operations maturing up to June 2023. Operations are restated at dollar exchange-rate change plus interest rate that vary from 4.30% to 5.51% per annum (0.13–0.20% per annum in 2021).

16. Onlendings

The foreign onlendings obligations in the amount of R$ 730,290 (R$ 1,396,454 in 2021) - Note 25a, are represented by foreign borrowing pursuant to CMN Resolution 2921, maturing up to November 2023. Operations are restated at dollar exchange-rate change plus interest rate that vary from 0.99% to 5.07% per annum (0.74–%–1.14% per annum in 2021).

17. Other liabilities

a) Breakdown of other financial liabilities

	2022	2021
Current liabilities		
Interbranch accounts	24,788	-
Securities clearing accounts	23,629	705,647
Total	48,417	705,647

(In thousands of reais)

b) Breakdown of other liabilities

	2022	2021
Current liabilities		
Taxes and contributions on income payable	-	63,161
Taxes and contributions payable	18,695	22,858
Provision for personnel expenses	18,678	16,698
Amounts payable - related companies	1,486	699
Other	2,327	3,375
Subtotal	41,186	106,791
Non-current liabilities		
Provision for personnel expenses	14,129	11,244
Other	-	2,100
Subtotal	14,129	13,344
Total	55,315	120,135

18. Legal, Tax and Social Security Contingencies and Liabilities

a) Contingent assets

The Bank does not have any contingent assets recorded in its balance sheet, and it does not currently have lawsuits that generate expectation of future gains.

b) Contingent liabilities

The Bank is a party in lawsuits and administrative proceedings arising from the normal course of its activities, involving matters of a labor, tax and social security. The evaluation for forming provisions is made under criteria described in Note 3o.

The Bank maintains provisions for those contingent liabilities that are classified as probable losses, at amounts regarded as sufficient to cover possible losses. The amounts provisioned are recorded under “Provisions for contingencies”, in non-current liabilities.

Ongoing labor lawsuits classified as possible losses amount to R$ 186 (R$ 1,341 in 2021). Most labor lawsuits refer to actions filed by former employees and outsource personnel to obtain indemnities, mostly regarding overtime payment and other labor rights.

There are ongoing proceedings of tax-related nature classified as possible losses, in the amount of R$ 14,533 (R$ 13,422 in 2021), and the most significant ones arise from taxes that the Bank has been challenging in court, basically related to a claim for offsetting the withholding income tax on interest earning bank deposits in the amount of R$ 5,601 (R$ 5,408 in 2021) and a request for nullity of the tax assessment notice in the amount of R$ 7,713 (R$ 6,830 in 2021) related to taxes (ISS) claimed by the Municipal Government of São Paulo, levied on services rendered by the Bank. These proceedings have sufficient judicial deposits to cover the tax risk.

(In thousands of reais)

c) Legal obligations

The main lawsuit, in the amount of R$ 20,336 (R$ 19,355 in 2021), including its judicial deposit of an amount equivalent to the provision, refers to a legal challenge regarding the payment of the contribution to the Social Integration Program (PIS), pursuant to Constitutional Amendment 17 and Supplementary Law 7 regarding their legality or constitutionality.

d) Changes in balances

	2022				2021
Provision for contingencies	Labor	Tax	Legal obligations	Total	Total
Opening balance	3,508	2,937	24,987	31,432	28,528
Formation	15	-	280	295	2,098
Restatement	96	152	1,342	1,590	806
Payment	(2,983)	-	-	(2,983)	-
Total	636	3,089	26,609	30,334	31,432

	2022				2021
Judicial deposits	Labor	Tax	Legal obligations	Total	Total
Opening balance	89	14,120	25,831	40,040	39,263
Formation	-	-	280	280	30
Restatement	7	868	1,407	2,282	747
Total – (Note 11a)	96	14,988	27,518	42,602	40,040

19. Shareholders' equity

a) Capital

The fully paid-up capital, in the amount of R$ 2,437,823, is represented by 95,608 (4,204,886,326 in 2021) nominative common shares with no par value. Management decides on the allocation of adjusted net income each period, pursuant to article 202 of Law 6404.

On February 10, 2022 and on May 24, 2022, according to the Minutes of the Extraordinary General Meeting (EGM), the Bank received funds from the shareholders for the capital increase in the amounts of R$ 780,114 and R$ 722,494 respectively, represented by 2,591,420,901 and 2,341,326,437 nominative common shares with no par value. The processes were approved by BACEN on February 16, 2022 and on June 8, 2022.

On December 15, 2022, according to the Minutes of the Extraordinary General Meeting of Shareholders, a capital increase of R$ 138,336 was decided on, paid in with shareholders' credits stemming from the distribution of interest on own capital. The process is in the approval phase by the Central Bank of Brazil (BACEN).

The Executive Board decided on the reverse stock split of all nominative common shares, with no par value, including the shares issued in the capital increase, with the reverse split being calculated based on the proportion of 100,000 per 1 share of the same type. Accordingly, the share capital previously divided into 9,560,846,423 is now represented by 95,608 nominative common shares, with no par value.

(In thousands of reais)

b) Profit reserves

The legal reserve is formed at the rate of 5% of net income for the period, up to the limit defined by the current legislation. The statutory reserve balance refers to an undistributed portion of prior and current year income, which, as determined by the general meeting, was transferred to subsequent years.

c) Dividends and interest on own capital

Management will decide, in the annual general meeting, every year, the minimum amount for dividend payments related to the adjusted net income in accordance with article 202 of Corporate Law.

In the year ended December 31, 2022, as Executive Board's minutes, the payment of the following was approved:

I. Dividends in the amount of R$ 1,000 (R$ 1,500 in 2021).
II. Interest on own capital in the amount of R$ 138,336 (R$ 46,656 in 2021), already deducted from withholding income tax in the amount of R$ 24,412 (R$ 8,233 in 2021).

20. Deferred income tax and social contribution

a) Calculation of charges with income and social contribution taxes levied on the operations

	2022		2021	
	Income tax	Social contribution	Income tax	Social contribution
Income (loss) before taxation and after profit sharing	592,244	592,244	320,132	320,132
Interest on own capital	(162,748)	(162,748)	(54,889)	(54,889)
Temporary additions/(exclusions)	(827,946)	(827,946)	(135,083)	(135,083)
Adjustment to market value – Securities and derivatives	(803,417)	(803,417)	(150,607)	(150,607)
Provision for expected losses associated with credit risk	(34,276)	(34,276)	11,305	11,305
Other	9,747	9,747	4,219	4,219
Permanent additions/(exclusions)	6,516	6,520	11,390	1,857
Taxable base	(391,934)	(391,930)	141,550	132,017
Rates	25%	20%	25%	22%
Total IRPJ and social contribution tax – Current values before tax incentives	-	-	(35,363)	(29,480)
Tax incentives	-	-	1,682	-
Total income tax and social contribution – current values	-	-	(33,681)	(29,480)
Tax credits	92,443	73,937	(427)	(342)
Deferred tax liabilities	(201,425)	(161,140)	(33,344)	(26,675)
Total	(108,982)	(87,203)	(67,452)	(56,497)

(In thousands of reais)

b) Changes in deferred income tax and social contribution by type and origin

Tax credits	Balances at 12/31/2021	Formation	Realization/ reversal	Balances at 12/31/2022
Reflected in income (loss)	101,304	193,780	(27,400)	267,684
Tax loss and negative basis of social contribution	-	176,392	-	176,392
Provision for tax and labor risks	13,163	801	(338)	13,626
Non-deductible provisions	10,837	7,820	(6,713)	11,944
Provision for expected losses associated with credit risk	75,525	3,457	(18,818)	60,164
Provision for credit risks – debentures	203	-	(62)	141
Mark-to-market of securities classified as trading	218	77	(111)	184
Mark-to-market of repurchase and resale agreements	-	33	-	33
Other	1,358	5,200	(1,358)	5,200
Reflected in shareholders' equity	14,913	1,030	(3,817)	12,126
Mark-to-market of securities classified as securities available for sale	14,913	1,030	(3,817)	12,126
Total	116,217	194,810	(31,217)	279,810

Deferred tax liabilities	Balances at 12/31/2021	Formation	Realization /reversal	Balances at 12/31/2022
Reflected in income (loss)				
Mark-to-market of derivative instruments	(57,746)	(385,813)	22,113	(421,446)
Inflation adjustment of judicial deposits	(9,488)	(1,027)	-	(10,515)
Mark-to-market of repurchase and resale agreements	(2,162)	-	2,162	-
Total	(69,396)	(386,840)	24,275	(431,961)

c) Estimated realization of tax credits on temporary differences

Realization term	Timing differences	Tax loss and negative basis	Total
1st year	9,167	7,541	16,708
2nd year	13,621	1,593	15,214
3rd year	19,537	26,830	46,367
4th year	21,549	33,010	54,559
5th year	20,784	34,202	54,986
6–10th year	18,760	73,216	91,976
Total	103,418	176,392	279,810
Present value (i)	69,423	105,720	175,143

(i) For the adjustment to present value, the projected annual CDI rate was used.

21. Related parties

Operations between related parties are disclosed in conformity with CMN (National Monetary Council) Resolution 4818, in compliance with Technical Pronouncement CPC 05 (R1) – Related Parties Disclosure. These operations are carried out at usual market values, terms and average rates in effect at the respective dates.

a) Related party transactions

Related party transactions are represented by:

(In thousands of reais)

	Assets/(Liabilities)		Revenues/(expenses)	
	2022	2021	2022	2021
Cash and cash equivalents	1,574	3,690	9,489	3,673
BNS	1,574	3,690	9,489	3,673
Interbank funds applied	-	-	21	-
Scotiabank Brasil S.A. CTVM	-	-	21	-
Foreign exchange portfolio - asset position	-	464,970	(71,319)	101
BNS	-	464,970	(71,319)	101
Demand deposits	(246)	(97)	-	-
Scotiabank Brasil S.A. CTVM	(246)	(97)	-	-
Money market borrowings	-	(4,701)	(135)	(9)
Scotiabank Brasil S.A. CTVM	-	(4,701)	(135)	(9)
Amounts receivable from/(payable to) related companies/service provision revenues/(expenses)	(749)	413	13,917	15,151
BNS	(1,430)	(576)	14,163	15,483
Scotiabank Inverlat (México)	(45)	-	(330)	(416)
Scotiabank Colpatria (Colombia)	726	989	(77)	9
Scotiabank Peru	-	-	(144)	-
Scotiabank Brasil S.A. CTVM	-	-	305	75
Borrowings	(6,234,306)	(3,977,177)	(11,964)	(28,386)
BNS	(6,234,306)	(3,977,177)	(11,964)	(28,386)
Onlendings	(730,290)	(1,396,454)	91,784	(79,475)
BNS	(730,290)	(1,396,454)	91,784	(79,475)
Foreign exchange portfolio - liability position	-	(485,570)	88,273	(20,538)
BNS	-	(485,570)	88,273	(20,538)
Other operating revenues (expenses)	-	-	-	48
Scotiabank Colpatria (Colombia)	-	-	-	48

b) Management remuneration

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with management remuneration for the year ended December 31, 2022 total R$ 21,952 (R$ 21,423 in 2021), comprised by R$ 13,272 (R$ 12,092 in 2021), which represent salaries and payroll charges, profit sharing, and bonus and charges, denominated short-term benefits, and R$ 8,680 (R$ 9,331 in 2021) that represents share-based compensation and charges. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

22. Share-based payment

Share-based payment plans are evaluated based on BNS common shares price traded at the Toronto, Canada (TSX) stock exchange. BNS share price fluctuations change the value of units, which affects the Bank's share-based payment expenses. The portion that calculates share price market value also varies according to the Bank's performance. These plans are settled in cash and their expenses are recognized in income (loss) for the period as a contra-entry to provision in liabilities. Eligible employees are paid through this variable remuneration according to one of the following plans: RSU or PSU.

a) Restricted RSU - Restricted Share Unit Plan

According to RSU plan, eligible employees will receive a bonus in restricted share units after three years. Final value to be paid varies according to BNS share price. As of December 31, 2022, amount of provisioned liability for this plan is R$ 6,546 (R$ 4,788 in 2021) and the total number of shares is 48,495 units measured at the weighted market value of R$ 0.26 per share. Total expenses recorded in the period for this plan is R$ 4,620 (R$ 4,713 in 2021).

b) PSU - Performance Share Unit Plan

According to PSU plan, eligible employees will receive a bonus after three years. In addition to BNS share price variation, this bonus portion is subject to performance criteria (return on shareholders' equity and total return to shareholder) measured over a three-year period, on which a multiplying factor is applied. As of December 31, 2022, amount of provisioned liability for this plan is R$ 7,822 (R$ 7,486 in 2021) and the total number of shares is 30,172 units measured at the weighted market value of R$ 0.26 per share. Total expenses recorded in the period for this plan is R$ 2,981 (R$ 7,112 in 2021).

23. Post-employment employee benefits

For the post-employment defined contribution plan, the Bank offers its employees the supplementary private pension benefit through monthly contributions, ceasing after the employee leaves the company. Total expenses recorded in the period for this plan is R$ 948 (R$ 1,872 in 2021).

Other post-employment defined contribution plans are considered short-term benefits, such as health care and profit sharing.

Bank does not have post-employment benefit plans to its employees.

24. Basel Index and Operating Limits

The Bank adopts the calculation of operating and Basel limits based on the consolidated data of the Scotiabank Brasil Financial Conglomerate formed by Scotiabank Brasil S.A. Banco Múltiplo, leader of the Conglomerate, and by Corretora, in accordance with BACEN guidelines.

As of December 31, 2022, the Conglomerate’s Basel Ratio is 25.46% (12.14% in 2021), the Referential Equity was R$ 2,999,816 (R$ 1,262,221 in 2021) and the minimum equity required for risk-weighted assets (RWA) amounts is R$ 904,500 (R$ 786,432 in 2021). Other operating limits are also required by the regulator, such as the Property, plant and equipment ratio.

(In thousands of reais)

25. Other information

a) Related credit transactions

As of December 31, 2022, the Bank has asset operations linked to CMN Resolution 2921, as shown in the following table:

	Assets/(Liabilities)		Revenues/(expenses)	
	2022	2021	2022	2021
Loan operations				
NCE (Export Credit Note) - (Note 9a)	521,902	1,396,454	(99,911)	263,164
Interbank onlending - (Note 11a)	208,388	-	8,126	-
ACC	-	317,056	(31,047)	37,552
Borrowings and onlendings				
Foreign onlendings - (Note 16)	(730,290)	(1,396,454)	91,785	(263,164)
Foreign loans	-	(316,092)	31,303	(35,617)
Total	-	964	256	1,935

The remuneration of linked asset transactions is sufficient to cover the costs of funding operations.

There are no linked asset operations in default or with any legal challenges.

These operations shall not be considered in the calculation of exposure limits per client, as provided for in CMN Resolution 4677.

b) Personnel expenses

	2022		2021
	2nd semester	Year	Year
Salaries	28,511	61,479	56,983
Social charges	9,014	20,772	22,189
Benefits	2,872	5,314	5,014
Other	363	834	1,962
Total	40,760	88,399	86,148

c) Other administrative expenses

	2022		2021
	2nd semester	Year	Year
Data processing	4,892	9,590	10,699
Financial system services	4,546	8,190	4,822
Rentals	2,105	3,971	3,447
Specialized technical services	937	2,730	2,398
Outsourced services	1,829	3,537	2,264
Communications	654	1,274	1,402
Depreciation / amortization	1,543	2,478	1,261
Philanthropic contributions	1,500	1,500	1,200
Condominium	304	594	562
Water, energy and gas	309	701	731
Other	1,543	3,206	1,789
Total	20,162	37,771	30,575

(In thousands of reais)

d) Implementation Plan - CMN Resolution 4966

In compliance with the provisions of article 76 of CMN Resolution 4966 dated November 25, 2021, which establishes the concepts and accounting criteria applicable to financial instruments, so as to align the accounting criteria of the "Accounting Plan for Financial System Institutions" (COSIF) with those established by IFRS 9, starting January 01, 2025, Scotiabank Brasil Group prepared the implementation plan for the new accounting regulations, considering the scenario, line of business, market strategy, and risk management framework. Management understands that changes in business models and relationship with financial products will impact the entire workflow and internal processes, requiring the review and readjustment of policies, controls, and systems.

We established an implementation schedule, which includes carrying out activities throughout 2023 and 2024, still depending on ancillary rules to be issued by BACEN. The impacts on the Financial Statements will be measured after the complete definition of regulatory standards.

e) Recurring and non-recurring income (loss)

	2022		2021
	2nd semester	Year	Year
Net income for the semester/year	327,565	396,059	196,183
Non-recurring income (loss)	(1,274)	(8,786)	(1,451)
Increase in social contribution tax rate on deferred tax credit and tax liability	-	-	(1,451)
CIP corporate reorganization (Note 6)	(56)	(7,568)	-
Commission received for early settlement of debentures	(1,218)	(1,218)	-
Recurring net income	326,291	387,273	194,732

f) Other operating revenues

	2022		2021
	2nd semester	Year	Year
Income received from advances on exchange contracts overdue	-	8,619	-
Reversal of operational provisions (i)	5,970	7,103	-
Recovery of charges and expenses	153	277	14
Inflation adjustments	1,265	2,282	117
Other	1,721	1,784	522
Total	9,109	20,065	653

(i) Basically refers to the reversal of provision for bonus and administrative expenses.

g) Other operating expenses

	2022		2021
	2nd semester	Year	Year
Provision for prudential adjustments	1,721	8,539	2,346
Other	-	732	952
Total	1,721	9,271	3,298

EXECUTIVE BOARD		ACCOUNTANT
Paulo André Campos Bernardo	Izabel Eliza Oliveira Salvucci	Roberto Shoji Haga
Antonio Pianucci	Jaques Mester	CRC 1SP242224/O-6